


## DISCLAIMER RE WORKING GROUP REPORTS

Six groups were established in November 1991 to study issues and provide advice in the following areas: Urban Form, Countryside, Human Services, Infrastructure, Economic Vitality and Investment Planning and Financing Mechanisms.

The reports which have been produced by these groups will be used as background information during a lengthy period of public discussion and refinement. The reports represent the work and advice of individuals chosen by their ministry, municipality or organization for their knowledge of their particular subject area. The reports represent a consensus of the group and as a result do not necessarily represent the opinions of individual members of the group.

The reports and their options and recommendations were produced for discussion purposes only. They are not representative of Provincial policy nor do they represent the policy of individual provincial ministries or municipalities.





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## CHAPTER I - INTRODUCTION

The working document, GTA 2021 - The Challenge of Our Future, states that the Province's goal is to **create and foster a quality of individual and community life which is just and sustainable - socially, economically, and environmentally**, and describes a vision for what the Greater Toronto Area will be like in 2021 if the challenges of effectively managing growth are met, and this goal is achieved. Economic vitality is key to the realization of the vision since the social, economic and environmental character of an area is a reflection of the type and success of industries and businesses located within it.

The Economic Vitality Working Group was one of six provincial/municipal groups formed to give advice on the attainability of the vision and recommend next steps to be taken, (Appendix 1). The major task assigned to the group as indicated in the terms of reference (Appendix 2), was to determine how a strategy for sustainable prosperity of the GTA could be developed. In addition to determining the elements that an economic strategy should contain, the group was to consider actions which could be pursued to exploit strengths and overcome weaknesses of the GTA in advance of the preparation of a full strategy.

Almost 4 million people live in the GTA, and it is expected that by 2021, the population will have increased to almost 6 million. It is anticipated that population growth will occur regardless of the economic conditions in the area. A major challenge will be to provide employment opportunities for the residents of the GTA to allow them to realize their full potential, and to be compensated appropriately for their labour. Economic vitality of the GTA is not, however, only important to the quality of life of the people who live, work and do business within it. Performance of the GTA will continue to be critical to the health of the economy of both Ontario and Canada.

The future of the economy is unknown, and the GTA is affected by many factors over which the Province and municipalities have little control, such as globalization of markets and economic restructuring. To ensure long-term economic vitality, it is necessary to consider how a strategy can be developed to create an adaptable, flexible, and responsive environment which nurtures existing enterprises and organizations and will develop and attract new industries and businesses.

The Working Group recognized that a provincial economic renewal strategy is being prepared by the Ministry of Industry, Trade and Technology, a joint ministerial study is being undertaken on the rural economy, and the Premier's Council on Economic Renewal will be reporting on Ontario's strengths and weaknesses. In addition, the Round Table on the Environment and the Economy will be preparing a provincial strategy for sustainable development. It is anticipated that recommendations of the Working Group report will complement these efforts.

This report provides background on the economic situation in the GTA, outlines how an economic strategy could be developed for the GTA, considers how economic vitality is linked to other factors related to growth management, and recommends actions and next steps.

## CHAPTER II - BACKGROUND

Information was assembled to describe the situation in the 1980s when economic growth was occurring, and compare this to circumstances which have existed during the recent years of economic decline. As background to considering how to develop an economic vitality strategy for the GTA, an analysis of available information was undertaken to look at how much of the growth in the 1980s and downturn in the 1990s can be attributed to cyclical changes, and how much is due to ongoing changes which will have a long-term impact on the economy.

Information was collected from various sources on the following factors which impact upon competitiveness and are therefore key to industries and businesses when making locational decisions, or decisions regarding expansion of existing operations:

- Infrastructure;
- Cost of Doing Business and Government Policy;
- People;
- Research and Development;
- Sectoral Structure;
- Head Offices;
- Development Activity.

Statistical data on the GTA, Toronto Census Metropolitan Area and the Province from which the following information was drawn, is contained in Appendix 3.

### 1. INFRASTRUCTURE

#### a) TRANSPORTATION

Urban sprawl in the GTA has led to separation of jobs from affordable housing resulting in increased commuting, and because growth has been at low densities which do not support transit usage, high demands have been placed on the road system.

- 9,000,000 weekday trips are made in the GTA which is three times the demand of 25 years ago
- 85% of all trips in the GTA are made using roads with 70% of these trips being made by car



**Road congestion in the GTA will continue to increase resulting in higher costs for moving goods and services and decreased productivity of employees.**

- 700,000 goods movements per day are generated in the GTA
- in 1987, it was estimated that congestion had added about 40% to the cost of moving goods in the GTA over the previous ten years, and that by 1997 a further 80-90% will be added if the situation remains unchanged
- although there has been some road construction, since the early 1970s, there has been little capital investment planning for new major road projects, and parts of the road system are now operating beyond design capacities

**The necessary investment in transit systems has not been made to provide convenient access to employment opportunities within the GTA.**

- surface transit carries about 15% of travel in the GTA

b) WATER AND SEWER

**In some Regions within the GTA (York and Halton), existing water and sewer capacities are almost fully utilized, but in others, surpluses exist (Durham).**

c) AIRPORTS

**The five airports in the GTA continue to be important contributors to the economy, but their efficiency is hampered by a lack of co-ordination and management and minimal airside investment.**

- Lester B. Pearson Airport alone, directly and indirectly contributes over \$4 billion to the GTA economy
- each airport has a different management and ownership structure, and there is no single body with responsibility for managing and coordinating the air transportation system serving the GTA and responding to local economic needs

d) WASTE DISPOSAL

**With respect to waste disposal, there is concern in the business community about unclear priorities, incineration policy, increasing costs of waste disposal, the lack of adequate disposal facilities for hazardous and non-hazardous post-industrial waste streams, increases in tipping fees, and particularly, the uncertainty regarding future availability of waste disposal facilities in the GTA.**

## 2. COST OF DOING BUSINESS AND GOVERNMENT POLICY

**The GTA has a corporate cost advantage relative to leading states in the United States in some respects, such as employee benefits.**

- a comparison of benefit costs indicates that the total cost for medical insurance, workers' compensation, unemployment insurance and social security is about 10% of business payrolls in Ontario compared with around 25% of payrolls in Illinois, Michigan, New York, California and Ohio

**Observers suggest that certain aspects of taxation, such as gasoline taxes which increase the cost of moving goods, the commercial concentration tax, and property and business taxes, particularly in the urban cores, are negatively impacting upon businesses in the GTA.**

- property taxes in the downtown Toronto core are second highest in North America, behind New York City

**The cost of living, which impacts upon wage rates and therefore the cost of doing business, rose at a significantly higher rate in GTA than in the rest of Canada until mid-1990 when the gap began to narrow, mostly due to falling housing costs.**

- in the period between 1987 and 1991, the increase in consumer prices in the GTA was highest between February and March, 1989 when it hit 6.5% compared to just over 4.5% in the rest of Canada. But between February and March of 1991, the increase in the GTA was down to 5.5% which was only 0.5% higher than the national average

**The following are existing perceptions related to the cost of doing business and government policy for which verifying information is unavailable:**

- duplication and unnecessary activity has resulted in a high tax burden in GTA, and without ear-marked or dedicated taxes, value for dollar is not being received
- the GTA is viewed by other levels of government as an unlimited source of tax revenue
- development and other approval processes are too lengthy and costly
- regulations such as the proposed amendments to the Labour Relations Act are disincentives to business investment
- entrepreneurs in the GTA have limited access to investment capital through financial institutions
- the high Canadian dollar is hampering GTA competitiveness



### 3. PEOPLE

#### a) MIGRATION

With immigration being a major contributor to future population growth, the population will continue to be culturally diverse, affording the opportunity to reinforce international linkages and enrich the skills of the GTA labour force.

**The population of the GTA is projected to grow from the existing 4 million to approximately 6 million by 2021 at an annual growth rate of about 60,000 with immigration being an increasingly important source for this growth.**

- in 1990, the GTA attracted 44% of the net international migration to Canada compared to 33% during the early 1980s
- although the immigration rate may be affected by the economic situation, on average, between 1991 and 2021, the net in migration into the GTA from other parts of Ontario, other provinces and other countries is expected to be 37,000 per year

#### b) AGE STRUCTURE

**The average age of the population in the GTA will increase significantly between 1991 and 2021, resulting in decreased household growth, declining average household size, increased demand for multiple housing, and a decline in the number of people being available to participate in the labour force.**

- the baby boom generation will be in the 55-75 year range in 2021
- household growth will decline from the estimated 39,200 per year in 1986-1991 period to about 30,000 on average per year from 1991-2021
- average household size is projected to drop from 2.82 in 1986 to 2.51 in 2021
- the percentage of people in the 15-64 year range will have declined from 71% in 1986 to 65% in 2021
- the percentage of people over 65 will have increased from 10% in 1986 to 18% in 2021

#### c) LABOUR FORCE PARTICIPATION

The growing economy and the baby boom generation entering the labour force in large numbers accounted for the high participation rates in the 1980s. The downturn in the economy has resulted in people withdrawing from the labour



force because employment opportunities do not exist. In the longer term, the changing age structure will have the greatest impact on participation rates as the proportion of the population participating in the labour force decreases.

**Labour force participation was high in the mid to late 1980s but began to decline in the latter half of 1990.**

- the labour force participation rate in the GTA was over 70% from early 1985 to 1990 peaking at 74.5% in July 1990, but it then fell to below 69.5% in March 1991

d) LABOUR FORCE SKILLS

To date, there has not been enough emphasis on providing appropriate education, training, upgrading and retraining to meet the changing needs of industries and businesses in the GTA.

**The GTA has a labour force which is, in general, highly educated, but there are also significant segments of the labour force which are under-skilled for many present and future jobs.**

- in the GTA, over 30% of the labour force has post-secondary education credentials
- almost 25% of the labour force in the GTA, most of whom are over 45 years of age, has not graduated from high school

**People with low education attainment levels are generally in occupations or sectors experiencing the greatest job losses.**

- in Ontario, more than 30% of the workforce employed in manufacturing, construction, primary resources, clerical, sales and services occupations has not completed secondary school
- those employed in occupations such as teaching, social sciences, health care, science, engineering, mathematics, and management and administration are most likely to have a post-secondary degree or diploma
- the unemployment rate for those who have not completed high school is over 4% higher than the overall unemployment rate
- it has been estimated that by the year 2000, well in excess of 60% of all new jobs will require education beyond the grade 12 level
- in the current micro electronics based knowledge revolution, half of all technical knowledge is generally thought of as being obsolete within about five to seven years

**The resources available through colleges and universities within the GTA need to be reviewed if these institutions are to provide the education, skills training and lifelong learning opportunities necessary to develop a flexible and adaptable labour force.**

- full time post-secondary enrolment in colleges and universities remained generally stable or fell marginally during the mid 1980s but enrolments overall, increased again in the late 1980s and 1990s
- in the mid to late 1980s, college enrolment decreased markedly in technology and increased dramatically in business but this trend has been reversed, to some degree, in the 1990s
- university enrolment in engineering, applied science, computer science and mathematics programs declined and grew in arts, education, humanities and health faculties during the 1980s

**Apprenticeship is a well-established but underdeveloped training system.**

**e) EMPLOYMENT**

Employment in the GTA declined with the onset of the recession as it did in the rest of Ontario. In the long term, it is projected that employment in the GTA will grow to 3.4 million by 2021. Structural changes and changes in the characteristics of the labour force will affect the mix of employment by occupation.

**Employment in the GTA was high in the late 1980s but declined sharply in early 1991.**

- employment in the GTA peaked in mid 1989 at 2.2 million and dropped to approximately 2 million by mid 1991
- the total job loss in the GTA between July 1990 and July 1991 was estimated at 150,000
- the unemployment rate rose from approximately 3.5% in mid 1989 to 10% in July 1991

**Unemployment rates have increased significantly in all regions in Ontario, but the increase has been the greatest in the GTA.**

- between 1990 and 1991, unemployment increased in the GTA by 4.4% compared to increases between 1.9% and 4% in other Ontario regions

**Job losses have been highest in manufacturing with significant losses also occurring in clerical, construction and transportation industries.**

- manufacturing employment in the Toronto Census Metropolitan Area dropped from over 400,000 employees in the third quarter of 1989 to below 350,000 in the first quarter of 1991
- the manufacturing and construction sectors accounted for almost 75% of all the jobs lost in Ontario between January and June of 1991

**Full-time employment has declined while part-time employment has increased in municipalities within the GTA.**

- in Metropolitan Toronto, the number of employees working less than 30 hours a week increased from about 10% of the total employment in 1983 to approximately 19% in 1991

#### 4. RESEARCH AND DEVELOPMENT

**Canada's business expenditure on research and development is low compared to other major industrialized countries, and in Ontario, six sectors account for three quarters of the research and development expenditures.**

- in 1988, Canada's business expenditure on research and development as a percent of Gross Domestic Product was 0.8 compared to 2.1 for United States and Germany, and 2.0 for Japan
- 42% of Ontario's expenditures are in the telecommunications, electronic and electrical sector

#### 5. SECTORAL STRUCTURE

##### a) MANUFACTURING SECTOR

**Manufacturing has been hardest hit by the current recession in terms of job losses, but the trend towards decline in employment growth was evident even during the recovery phase following the recession of the early 1980s.**

- over 46,000 manufacturing jobs were lost in the Toronto Census Metropolitan Area between 1989 and 1990
- in 1991, 72% of the workers within the GTA displaced due to full and partial closures and reduced operations were from the manufacturing sector
- manufacturing employment in the Toronto Census Metropolitan Area peaked in 1981 at



435,000 jobs with less than 1% growth occurring in the period between 1983 and 1990

**Despite low employment growth, the manufacturing sector's contribution to the economy of the GTA remains important. The current leading manufacturing industries in the GTA are transportation equipment, electrical and electronic products, food products, fabricated metal products, chemical and chemical products and printing and publishing.**

- 20% of the total Toronto Census Metropolitan Area employment in 1990 was in manufacturing

**b) NON-MANUFACTURING SECTORS**

Service activities are forecasted to be the primary source of new job creation in the GTA; however, manufacturing will remain important as many services are tied to it.

**The fastest growing sectors, in terms of employment, during the mid to late 1980s were construction, finance, insurance, and real estate, community, business or personal services and public administration.**

- between 1983 and 1990 construction employment grew by over 50%, finance, insurance and real estate by over 40% and community, business or personal services and public administration each experiencing almost 30% growth
- the fastest growing occupations in the Toronto Census Metropolitan Area between 1976 and 1990 were in the managerial category which more than doubled in size
- in 1990, more than one third of workers in the Toronto Census Metropolitan Area were employed in community, business and personal services

**The recession has resulted in job losses in the construction, community, business or personal services, and public administration sectors, but finance, insurance and real estate experienced sustained growth in 1990. Toronto is Canada's centre for capital market and financial services activity.**

- the Toronto Stock Exchange is Canada's major stock exchange
- 47 banks and 5 out of the 10 largest trust companies in Canada have their head offices in Toronto
- the head offices of 6 of the largest Canadian life insurers and 6 of the largest property and casualty insurers are in Toronto
- 9 out of the 10 top investment dealers have located their head offices in Toronto

- there are an estimated 300,000 direct and indirect jobs generated by the financial services sector in the Toronto area with the Canadian Imperial Bank of Commerce and the Bank of Nova Scotia being the largest single private sector employers in the Toronto area

**The tourism sector, which is a significant contributor to the health of the GTA economy, experienced growth in the mid to late 1980s, but has experienced declines in terms of employment and revenue as the combined result of the recession, implementation of the GST, the high Canadian dollar and infrastructure deficiencies.**

- in 1990, tourism expenditures in Metro Toronto from all origins totalled \$5.5 billion. Tourism spending in Metro Toronto supports approximately 119,000 person years of total direct and indirect employment, and taxes generated in Metro by travel expenditure in 1990, totalled approximately \$1.4 billion
- in 1991, the deficit in the international travel account increased significantly in Canada to \$6.8 billion. Ontario's share of this is estimated at 55% or \$3.8 billion. As the largest Ontario destination in terms of expenditure, the GTA's international and domestic tourism performance has likely been negatively affected
- hotel occupancy data for Metro Toronto from January to December 1991 indicates a decline of 7% from 1990 in part due to approximately 4,900 rooms being added to the Metro market since 1989
- the investment in hotel rooms has not been supported by a corresponding increase in meeting and convention space, which has increased only 3% since 1985

## 6. HEAD OFFICES

**The GTA remains the preferred location for head offices in Canada.**

- in 1990, 196 head offices were located in Toronto with Montreal having the second highest at 87

## 7. DEVELOPMENT ACTIVITY

### a) RESIDENTIAL

High residential construction activity in the mid to late 1980s was the result of pent-up demand following the recession in the early 1980s, strong immigration, favourable interest rates and increasing family incomes. Despite falling interest rates and declining housing costs, the slump which began with the onset of the recession continues. This is in part due to the unemployment and financial

uncertainty of potential home buyers, but also due to changing demand as baby boomers have finished buying their second homes.

**Residential development activity boomed in the mid to late 1980s, but slumped in 1990, and is still weak.**

- value of residential building permits peaked in 1989 at approximately \$5 billion and then fell to approximately \$3 billion in 1990
- over 6,000 housing starts were recorded in May 1988 compared to less than 3,000 in May 1991

**During the mid to late 1980s, the housing component of the consumer price index in the Toronto Census Metropolitan Area consistently rose at a higher rate than in the rest of Canada, but by 1991, rates in the GTA were well below the national average.**

- between February and March, 1989, the housing component of the consumer price index in the GTA increased by over 8% compared to a 5% increase in Canada overall, but between February and March 1991, the national average increase was 4% higher than the increase in the GTA

**b) INDUSTRIAL/COMMERCIAL**

High industrial/commercial construction activity in the mid to late 1980s exceeded the demand and has resulted in there being an excessive supply of industrial and commercial space in the GTA.

**Industrial and commercial development activity steadily increased while the economy was growing, but dropped off drastically in 1990, and there is no indication of immediate recovery.**

- value of industrial and commercial permits hit its highest level in 1989 at approximately \$4.5 billion and decreased by 50% in 1990
- absorption rate for industrial land fell from a high of 950 net hectares in 1987, to 550 net hectares in 1990
- the total available industrial floor space in 1988 was estimated at approximately 3,950,000 square metres compared to approximately 8,100,000 square metres in 1991
- a large percentage of available industrial space may be obsolete due to changing building form demands of industries



- industrial land costs doubled in the late 1980s, but declined in 1991 to levels not seen since the early 1980s
- resale prices for industrial properties have fallen approximately 40% from the peak in the late 1980s

**Retail commercial development activity was strong in the late 1980s responding well to demand, but economic decline has resulted in decreased activity and increasing vacancy rates.**

- in 1983, retail floor space per person in the GTA was 2.41 square metres per capita compared to 2.43 square metres per capita in 1990
- vacancy rates in the larger regional malls remain below 5%; however, with several large chains facing financial difficulties, vacancy rates may increase
- there is consensus that Canada is "over-stored" and growth in the discount retail category will add to this problem

**Office development activity increased rapidly in the 1980s, meeting and then exceeding the demand from the high growth in the finance, insurance, real estate, and public administration sectors. In 1992, as the result of decreased demand and the overbuilding that occurred, vacancy rates are increasing and lease costs are down.**

- vacancy rates for office space in the GTA were well below 7% in 1987-1988 but in the early part of 1992 have been recorded as being as high as 30% in some suburban markets
- downtown average gross lease rates went from \$28 per square foot in 1985 to \$42 in 1991, and suburban centres went from \$15 to \$19.50, declining from a peak of \$20 in 1990
- based on annual average absorption rates, there is at least a 10 year supply of office space in Metro Toronto, including existing and proposed developments

## A FINAL COMMENT

The information provided in this chapter provides a framework within which obstacles and opportunities for economic vitality can be considered.

There were difficulties in collecting the information, as data was not always available for the GTA. Instead information is collected for the Toronto Census Metropolitan Area, portions of the GTA and in some cases, only province-wide. It was also found that for some factors, information was completely unavailable to strengthen positive attributes or refute negative perceptions.

Analysis of the available information indicates that although cyclical effects account for much of the current economic downturn, the impact of globalization, restructuring and an aging labour force will continue after the recession has ended and therefore, ensuring economic vitality will be dependent upon the area's flexibility to adapt to new circumstances.

## CHAPTER III - HOW TO DEVELOP A STRATEGY FOR ECONOMIC VITALITY

Analysis of the background information collected pointed to certain elements which should be included in a strategy for economic vitality.

To determine how a strategy could be developed, it was necessary to first establish a **goal**, then set a **process** to be followed for identifying important GTA performance gaps and determining how the gaps can be addressed. The final step was to suggest **principles** to guide decision-making regarding an economic vitality strategy.

The following describes the exercise undertaken by the Economic Vitality Working Group. From the outset, it was recognized that the results of this exercise would reflect only the public sector perspective. The tables referred to in this chapter are included in Appendix 4.

### 1. GOAL

The working group determined that the goal of an economic vitality strategy for the GTA should be to **retain, attract and grow preferred organizations and enterprises**.

### 2. PROCESS

The process established to consider GTA performance gaps included the following steps:

- identifying examples of **preferred types of organizations and enterprises**;
- establishing a list of **factors important to preferred organizations and enterprises** when making locational and investment decisions;
- identifying **strengths and weaknesses** of the GTA compared to its major competitors;
- identifying the most **important GTA performance gaps**;
- considering **obstacles and opportunities for closing the gaps**;
- developing **objectives** for overcoming the obstacles and pursuing the opportunities.

#### a) Preferred Types of Organizations and Enterprises

Some of the criteria developed for determining preferred types of organizations and enterprises are as follows:

- high value added
- environmentally sensitive



- high research and development
- high growth
- international prestige

Based on these criteria and others listed in Table 1, five examples of preferred types of organizations and enterprises were identified. The purpose of identifying preferred types of organizations and enterprises was to assist in determining what groundwork should be laid to allow industries and business to develop, be successful, and contribute to the vitality of the GTA. The examples of preferred types of organizations and enterprises are as follows:

- environmental protection
- bio-technology
- transportation
- information technology and communication
- financial services

b) Economic Vitality Factors Important to Preferred Organizations and Enterprises

The factors for which background information was collected (Chapter II), were used as a basis for considering criteria important to preferred organizations and enterprises when they are making locational and investment decisions. Various components of each of these economic vitality factors were identified as shown in Table 2.

c) Strengths and Weaknesses of the GTA Compared to Competitors

The GTA's key competitors are no longer necessarily cities in Ontario or Canada, but rather other large urban centres in United States and worldwide. On this basis, a list of strengths and weaknesses was developed according to economic vitality factor. Examples of strengths and weaknesses identified are as follows:

Strengths

- high standard of living
- good health care system
- clean environment

- highly-educated labour force
- good access to domestic and international markets
- largest airport in Canada which is the third largest gateway to North America
- good rail infrastructure
- diversity of sectors
- concentration of head offices

#### Weaknesses

- high tax burden
- high cost of living
- excessive government regulation
- underskilled labour force
- congested road systems
- inadequate water and sewer systems and sewage treatment facilities to handle future demands
- uncertainty concerning future availability of waste disposal facilities
- high industrial land costs
- lack of investment in research and development
- limited access to investment capital for small and medium sized firms

A complete listing of strengths and weaknesses is shown in Table 3.

#### d) Most Important GTA Performance Gaps

An exercise was undertaken to indicate how five different types of organizations might rate the future importance of the various economic vitality factors. The results were then compared to GTA performance in these areas based on strengths and weaknesses relative to this area's competitors. This led to the identification of important GTA performance gaps.

The five organizations considered were hospitality, retail, environmental, finance and pharmaceutical. Table 4 is an example of the exercise undertaken.

An opportunity matrix, shown in Table 5 was used to assess where the important gaps exist, and where attention should be focused. The most important gaps identified when the results of all five examples were combined, are related to the following:

- infrastructure
- cost of doing business
- people (labour and training)
- relationships among business, labour and government
- investment in research and development

e) Obstacles and Opportunities for Closing Important Performance Gaps

Obstacles to closing the gaps were considered and rated with respect to their relative importance and what opportunity exists for the Province and regional and local area municipalities to make changes which would either reduce or remove the obstacles. The working group reviewed those obstacles which were considered to be important and which represented the greatest opportunity for change. They are as follows:

Infrastructure

- legislation, eg. Environmental Assessment Act
- fragmented jurisdictions
- lack of integrated capital planning

Cost of Doing Business

- regulatory costs
- tax burden
- congestion costs



## People

- lack of timely and comprehensive skill needs assessment
- inappropriate and deficient academic standards
- lack of a responsive training and continuous learning culture

## Relationships Among Business, Labour and Government

- lack of vision and strategy within which partnerships can fit
- absence of common understanding due to lack of mobility of people among the three sectors
- differences in terms of financial capacity, ability to commit over time, profit versus social policy agendas, accountability and decision-making structures

## Investment in Research and Development

- not enough emphasis on applied science
- lack of recognition of need for continuous improvement
- unavailability of venture capital

Table 6 contains all of the obstacles which were considered.

### f) Objectives

Objectives were developed for each of the key performance gaps identified, focusing on the obstacles which were of highest importance and for which the greatest opportunity for change existed.

The five objectives and some of the possible action plans which were identified, are as follows:

#### **Improve infrastructure in the GTA.**

- streamline legislation and reduce regulatory costs
- develop an integrated infrastructure planning process for the GTA
- develop multi-year capital plans

### **Reduce the cost of doing business in the GTA.**

- reduce regulatory costs
- reduce tax burden
- reduce congestion

### **Ensure an adequate supply of appropriately skilled people.**

- develop timely and flexible responses to skill needs
- develop adequate basic skills such as literacy and numeracy
- develop clear standards, and roles and responsibilities among governments, private sector and individuals
- deploy resources to priorities
- improve responsiveness of education institutions
- promote cooperative planning between business, labour and government

### **Promote partnership among business, labour and government.**

- develop a vision and economic/social strategy with focus, clarity of purpose and common objectives within which partnerships can fit
- develop a clear understanding about where partnerships are feasible and appropriate

### **Move toward an innovation-based economy.**

- increase emphasis on applied science
- develop supply of scientists and innovative engineers, and work to retain them
- promote research and development - especially development
- increase availability of venture capital for research and development

Objectives and action plans such as these with responsibility assigned and time frames for achievement established, would constitute a strategy for ensuring economic vitality.

### 3. PRINCIPLES

To realize the goal of retaining, attracting and growing preferred organizations and enterprises, an economic vitality strategy for the GTA which could include objectives and action plans such as those identified through the exercise undertaken, will have to embody principles to guide decision-making.

The following are examples of guiding principles:

- **High Quality of Life and Opportunity**

- recognizing the links between economic vitality and environmental enhancement, social equity and personal fulfilment

- **Interdependency**

- recognizing the importance of co-operation and partnership between government and business and industry

- **Continuous Improvement**

- recognizing the need for adaptability and flexibility to change, that sustaining economic vitality is a dynamic process, and steps should be taken without a complete strategy in place

- **Cost Effectiveness**

- recognizing the necessity of making best and most efficient use of available resources



## **A FINAL COMMENT**

Although the findings of the working group reflect only the public sector perspective and need to be tested with the private sector, the process established was proven to be a successful method for focusing in on where efforts are needed, and the most headway can be made.

In addition, certain actions were identified which could be undertaken with limited risk before a complete strategy is in place.

## CHAPTER IV - LINKAGES BETWEEN ECONOMIC VITALITY AND OTHER FACTORS INFLUENCING THE ACHIEVEMENT OF EFFECTIVE GROWTH MANAGEMENT

Through the process of considering what the important GTA performance gaps are, and how these might be addressed, links to other factors which will influence the achievement of effective growth management in the GTA were identified. Factors considered are as follows:

- **urban form**
- **viability of the countryside**
- **health of the environment**
- **quality and accessibility of human services**
- **quality and adequacy of infrastructure**
- **effectiveness of investment planning and financing mechanisms**

### a) Urban Form

Economic vitality will be enhanced by compact development. This will encourage the location of affordable housing in proximity to employment opportunities, resulting in people being able to choose to live and work in the same area. Compact development in identified major nodes and corridors will also provide clarity in terms of where investment in infrastructure should be made. In addition, compact development will support the use of public transit.

### b) Countryside

Preservation of the countryside contributes to the high quality of life in the GTA and is therefore important to its economic vitality.

Economic vitality will be supported by a prosperous rural economy including viable agriculture and aggregate industries, tourism and recreation, and retail commercial activity in rural centres. This is an issue subject of a joint-ministerial study on a provincial-wide basis. Further study may be required specifically with regard to the rural economy in the GTA.

### c) Environment

In the past, it was believed that to achieve economic growth, trade-offs had to be made with respect to environmental sustainability, and that environmental regulation was a costly impediment to competitiveness in world markets. It has been shown however, that environmental degradation leads to decreased economic prosperity, and that stringent

environmental policies do not weaken but rather stimulate productivity, innovation and economic growth. To remain competitive, technologies must be accommodated that are both economically and environmentally superior.

Emphasis should therefore be placed on setting the stage to nurture and attract organizations and enterprises which will not only promote economic vitality, but also foster the enhanced social well-being of area residents and advance the sensitive use of the natural and man-made community resources. A gradual shift to cleaner, greener knowledge-based industries will lead to a healthier environment. Efforts to ensure clean-up and modernizing of remaining resource-based, high pollution industries in the area will also assist in meeting this goal.

Healthy living and working environments can be further enhanced by efforts to conserve energy, efficient resource use through practice of the 3 R's: reduce, reuse, recycle, and by increased transit use.

d) Human Services

Equitable delivery of high quality, responsive human services across the GTA is important to ensuring economic vitality as economic vitality is dependent upon the availability of appropriately educated and trained workers who have easy access to employment opportunities, and the necessary support services to allow participation in the labour force.

If there is a broad range of stable and secure employment opportunities in safe and healthy work places to enable people at differing skill levels to realize their full potential and be compensated appropriately, economic vitality will be enhanced.

e) Infrastructure

Roads, public transit, water and sewage systems, electricity, telecommunications, railways, and airports as well as soft services, support economic activity. Organizations and enterprises require certain infrastructure to do business. In addition, infrastructure itself has economic generation effects. As an example, the Lester B. Pearson Airport directly and indirectly generates approximately 35,000 jobs in the GTA.

Providing the necessary infrastructure through improvements and expansion will therefore be vital to retaining and attracting business and industries and employment opportunities in the GTA and ensuring economic vitality.

f) Investment Planning and Financing Mechanisms

Economic vitality is dependent upon co-ordinated priority setting for the GTA and innovative and creative financing mechanisms to ensure that the right services are in place at the right time and that these services are integrated where appropriate.



## **A FINAL COMMENT**

Consideration of linkages between economic vitality and other factors which will influence effective growth management, confirmed the importance of economic health to achieving a high quality of individual and community life in the GTA.

## V CONCLUSIONS

### Economic Vitality

Economic vitality and competitiveness are often linked, yet each is somewhat different. An organization like the GTA may be regarded as competitive if it is efficient and innovative. True economic vitality, however, comes through sustainability, or the extent to which the economy can thrive by anticipating and adapting to the social, political and environmental changes which occur over time. Hence economic vitality for the GTA may be regarded as a goal of sustainable growth, with component objectives of competitiveness, foresight, and flexibility.

### Dynamics and Importance of the GTA as a Large Urban Economy

As the largest urban region in both the Province and country, the GTA has obvious demographic and political importance. The area is a key working example of cultural, social and economic diversity, which is an important provincial and national strength. Moreover, the GTA represents one of Canada's few large scale, internationally competitive urban economies.

A large urban economy can be differentiated from other urban economies in terms of its scale, scope, diversity and synergy. These sorts of economies feature a diverse set of relationships among human, natural, cultural and financial resources. From this perspective, the GTA is the centre of a wide range of activities, including industry, business, non-profit and cultural organizations, social services, research and recreation. Community economic development activities can also contribute to the diversity of the GTA economy by supplying employment as well as community development opportunities at a local level. These interconnected activities offer incalculable benefits to both the GTA community, adjacent urban areas and the entire Province. The synergy and diversity of this large urban economic system, therefore, exceeds the sum of its parts. Its focus is also broader than the local, provincial or national economy, since, of necessity, large cities must compete among other large cities to generate and distribute the kind of wealth required by provincial and national economies.

The economic vitality of Ontario and Canada depends on healthy urban centres. Yet, despite the obvious dynamics of the GTAs large urban economy, the policies of provincial and national governments fail to recognize the importance of the GTA. Instead, these policies either break the GTA down into smaller parts, regard it as they would another region or an incomparable smaller urban area, or simply take the GTA for granted. This policy gap is reflected in the sporadic information available on the GTA. This is also reflected in the general lack of local, provincial and national government responses to the negative perceptions which exist outside and within the GTA. These perceptions serve to decrease confidence and thereby constrain the GTA's competitive position, and diminish the area's economic strengths.

## Challenges

In the short time available to the Economic Vitality Working Group, the task was to delineate the elements of a strategy which would fulfil the goal of economic vitality for the GTA.

The following were the challenges faced in undertaking this task:

### **1. Identifying Structural vs Cyclical Economic Trends**

The background information the Economic Vitality Working Group was able to collect for the GTA, confirmed that although the recession is a major factor contributing to the current economic downturn, there are also trends which began even during the growth period in the mid to late 1980s that are currently affecting the GTA economy, and will shape the economy in the future. They include the aging of the labour force, continued population growth, globalization of markets and industrial restructuring. This information set the stage for looking beyond the short-term, towards how a strategy could be developed for sustainable economic prosperity in the GTA.

### **2. Determining Types of Preferred Organizations and Enterprises**

Examples of preferred organizations and enterprises were suggested by the working group to reflect the desired innovation based economy. These categories of organizations and enterprises need to be broadened to reflect the existing diversified economy. The focus should also be expanded from attracting these sorts of enterprises and organizations, to also retaining those already established here.

### **3. Testing Perceptions**

In this exercise, the members of the working group made educated guesses as to the perceptions of preferred organizations and enterprises with regard to GTA performance, and then suggested objectives for overcoming obstacles and pursuing opportunities to close these performance gaps. These findings must be considered not as a fait accompli, but as the start of a strategic process, and should be tested with the private sector to determine their validity.

### **4. Identifying Linkages to Other Factors Influencing Achievement of Effective Growth Management**

By identifying linkages to other factors influencing growth management, the working group confirmed that quality of life and the character of the GTA in the future, will be determined largely by the economic health of the area.



## Actions

The GTAs role and dynamics present significant challenges and possible risks in the creation of an economic strategy. For this reason, the group's work suggests the elements of a strategy, without stating an actual plan of action or critical path.

In general, however, the findings of the working group point to the need to attract knowledge-based, value added industries. They also point to some of the important gaps and opportunities for the GTAs economic performance. The principles and objectives identified for a GTA economic strategy are sound, even without a defined program.

While a framework containing the necessary elements of an economic strategy is important, there are certain actions which can be taken now with limited risk, to set the stage.

The following are possible actions which could be taken:

- priority should be given to **integrated infrastructure planning and investment**;
- emphasis should be put on creating an **efficient and positive regulatory climate**;
- duplication should be eliminated through disentanglement, as a step towards providing **better value for tax dollars spent**;
- priority should be given to providing resources to develop a **flexible, adaptable, appropriately skilled labour force** through mechanisms such as the Ontario Training and Adjustment Board;
- **partnerships among business, labour and government** should be developed to open lines of communication;
- where appropriate, **community-based economic development activities** should be promoted and facilitated. This could also be one of the steps taken in addressing the future of the **rural economy**;
- emphasis should be put on ensuring availability of **complete statistical data on various aspects of the GTA**;
- the Province and municipalities should take an active role in co-operatively **marketing the GTA by publicizing strengths and exploding myths**.

Economic vitality is key to achieving the Province's goal of creating and fostering a quality of individual and community life in the GTA which is just and sustainable. To ensure economic vitality, a strategy is necessary, but it must be a dynamic, adaptable strategy developed and monitored by the public and private sectors. Although a strategy is required, there are actions which can and should be taken now while the overall framework is put in place.

Throughout the process of developing a strategy for sustainable prosperity, it must be recognized that the GTAs role is more than an urban region. It is a metropolis with a necessary international focus. It is a centre of wealth creation which spins off benefits to all areas of the Province and the country. It is a national economic engine which exists within a planned urban framework. The value of focusing provincial and national sights on a vision for the GTA lies in the economic strength which results from the creation of confidence in the area.

## VI NEXT STEPS

As noted in Chapter V Conclusions, elements of a strategy for the sustainable prosperity of the GTA emerged from the background information collected as well as the results of the exercise undertaken by the Economic Vitality Working Group to identify important GTA performance gaps. In addition, the working group identified some actions which could be taken with limited risk, in advance of a full strategy being in place.

The next step towards developing a strategy and identifying further actions should be to involve the private sector. Meetings should be held with business people throughout the GTA from various sectors for the purpose of going through the same exercise undertaken by the working group. This would serve to test both the validity of the approach, and the accuracy of the findings of the working group. Ideally, this process should be undertaken by a body with specific responsibility for fostering and promoting economic prosperity in the GTA. Such a body, however, does not exist.

The results of this consultation should then be incorporated with the conclusions drawn by the working group, and linked back into the exercise of developing a shared vision for the GTA in 2021. In this process, consideration should be given to the provincial strategy for economic renewal which is expected to be released in the near future.

## APPENDIX 1

### Economic Vitality Working Group Membership

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Assistant Deputy Minister  
Office for the Greater Toronto Area

**Heather Reynolds-Pew, Staff**

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## APPENDIX 2

### Terms of Reference

#### Overview

The GTA plays a strategic role in the economic health of the Province. It generates some 40% of the G.P.P., and thus exerts an influence beyond its borders and is an integral part of regional economic development in the Province. It is imperative that we maintain and enhance the economic viability of the GTA within the context of a provincial policy on regional economic development.

#### Tasks:

1. Determine how to develop a strategy for the sustainable prosperity of the GTA in the context of regional economic development work being undertaken by MITT.
2. Identify the strengths and weaknesses of both the GTA and its competition in other countries and propose courses of action to exploit the strengths and overcome the weaknesses. Attention should be paid particularly to:
  - (a) labour and training
  - (b) "cost of doing business"
  - (c) "quality of life"
  - (d) transportation
  - (e) value added opportunities
  - (f) the rural economy

The following will be incorporated into the recommendations for how a strategy can be developed and implemented:

- propose methods to publicize the strengths and explode the myths for the broader Toronto area;
- examine the economic development roles of municipalities and propose models for greater effectiveness;
- examine the relationships between the economy and the environment and ensure compatibility with the vision. Recommend implementation mechanisms to integrate findings into an economic strategy.

## **APPENDIX 3**

### **Background Information**

**(available under separate cover)**

## **APPENDIX 4**

### **Process for Identifying Important GTA Performance Gaps**

TABLE 1	Criteria for Determining Preferred Types of Organizations and Enterprises
TABLE 2	Economic Vitality Factors
TABLE 3	Strengths and Weaknesses of the GTA Compared to Competitors
TABLE 4	An Example of Rating the Importance of Economic Vitality Factors from the Perspective of Organizations and Enterprises - Financial Services
TABLE 5	Opportunity Matrix - Most Important Performance Gaps
TABLE 6	Obstacles to Closing the Most Important Performance Gaps - Importance and Changeability



**TABLE 1**

**Criteria for Determining Preferred  
Types of Organizations and  
Enterprises**

- High value-added
- High number of employees
- Environmentally sensitive
- High growth
- International prestige
- Contributing to a balanced economy
- Ability to adapt to change
- A range of size with emphasis on small and medium - community based
- Entrepreneurial
- Expansion potential
- Non-transferable
- High research and development - emphasis on development
- Positive contribution to balance of trade
- Interest and participation in community affairs
- Utilizing existing physical and human resources
- Spin-off potential for local economy
- Financial strength
- Synergistic with existing industrial structure

**TABLE 2**

**ECONOMIC VITALITY FACTORS**

**1. INFRASTRUCTURE**

- Reliable electricity supply
- Competitive hydro rates
- Waste management facilities
- Access to trucking/rail freight infrastructure
- Transportation for employees
- Good water supply
- Good natural gas supply
- Hospitality infrastructure
- Concentration of like industries
- Access to airport
- Telecommunications

**2. COST OF DOING BUSINESS AND GOVERNMENT POLICY**

- Cost of labour
- Tax and financial incentives
- Reasonable business taxes
- Access and distance to markets (domestic and international)
- Adequate, fairly-priced infrastructure

- Good government programs
- Pro-business attitude
- Political and policy stability
- Policy co-ordination
- Favourable regulatory climate

### **3. PEOPLE**

- Skilled labour force
- Institutions and mechanisms for training and learning
- Flexible work force
- High social value on skilled labour
- Harmonious management/labour relations
- Positive work ethic

### **4. QUALITY OF LIFE**

- Cultural diversity
- Diversity of the economy
- Affordable housing
- Low crime rate
- Cost of living
- Good public schools
- Reasonable personal taxes
- Clean environment

- Green space
- Health care
- Positive sense of community
- Recreational, social, cultural amenities

## **5. INVESTMENT IN RESEARCH AND DEVELOPMENT**

## **6. SECTORAL STRUCTURE**

## **7. DEVELOPMENT ACTIVITY**

- Integrated infrastructure
- Room for site expansion
- Competitive property costs
- Fair market construction costs
- Reasonable processing times to complete development
- Availability of suppliers
- Good development mix
- Good corporate image

## **8. OTHER**

- Access/availability of capital
- Partnerships - business, finance and government



**TABLE 3**

**STRENGTHS AND WEAKNESSES OF THE GTA  
COMPARED TO COMPETITORS**

**1. INFRASTRUCTURE**

**STRENGTHS**

- Reliable electricity supply
- Waste management issue receiving attention
- Tremendous rail infrastructure
- Lester B. Pearson Airport is the largest international airport in the country and the third largest gateway to North America
- Airport expansion at Pearson is possible
- Other existing airports are physical assets
- Core of GTA is well served by infrastructure
- Good water supply
- Natural gas supply excellent
- Telecommunications industry and infrastructure is very strong - although pricing is a concern, GTA is a large calling area which provides economic benefit

**WEAKNESSES**

- Increasing hydro rates
- Uncertainty about future waste management
- Inappropriate use of rail infrastructure
- Serious capacity problems at Lester B. Pearson
  - Poor transit access
  - Terminal investment preceded airside capacity
- Other airports underutilized/ underdeveloped
- Congested road system
- People not where the businesses are
- Lack of coordination of transportation and land use planning especially across jurisdictions
- Limited capital investment in transit since the 1960s

- Good hotel infrastructure
- Inadequate water treatment/sewage facilities for future demands (capacity - demand gaps)
- Insufficient convention/trade space for hotel supply

## 2. COST OF DOING BUSINESS AND GOVERNMENT POLICY

### STRENGTHS

- Competitive in terms of medical insurance, workers' compensation, unemployment insurance and social security costs
- High skill labour costs are competitive
- Access to markets both domestic and international
- Problems associated with government regulations and processes are being recognized and some major initiatives are now underway to address them eg. Sewell Commission, Ontario Training and Adjustment Board, Disentanglement

### WEAKNESSES

- Low tech - labour costs are uncompetitive
- Lack of tax and financial incentives
- Business taxes are non-competitive
- National tax burden being placed on GTA national GTA anti-sentiment - GTA no longer the "cash cow"
- Excessive government regulation (provincial, municipal), high price of industrial land, difficult to acquire investment capital, slow government approval processes for new construction and development, lack of incentives for relocation
- Lack of favourable regulatory climate
- Lack of customer service attitude
- Lack of co-ordinated and specific plan for the future of GTA

- Lack of policy co-ordination
- Perception in community that the government is not pro-business
- Perceived lack of political and policy stability
- Infrastructure costs will become increasingly uncompetitive but without infrastructure, GTA will definitely be uncompetitive
- High Canadian dollar

### 3. PEOPLE

#### STRENGTHS

- Highly educated labour
- Significant investment in educational institutions
- Openness in federal/provincial relations regarding training

#### WEAKNESSES

- Ontario Labour Relations Act seen by business as being pro-union
- Lack of a skilled and adaptable workforce
- Lack of basic skills
- Federal immigration policy is not being well delivered
- Inflexible workforce
- Lack of value for the skilled trades
- Need for improvement in management/labour relations
- Projected labour supply shortage

#### **4. QUALITY OF LIFE**

##### **STRENGTHS**

- High standard of living
- Culturally diverse
- Diversity in economy
- Low crime rate
- Good public schools
- Clean environment
- Green space
- Good health care
- Positive sense of community
- Recreational, social and cultural amenities

##### **WEAKNESSES**

- Relatively unaffordable housing at entry level
- High cost of living
- High tax burden

#### **5. INVESTMENT IN RESEARCH AND DEVELOPMENT**

##### **STRENGTHS**

##### **WEAKNESSES**

- Lack of investment in research and development, particularly development

#### **6. SECTORAL STRUCTURE**

##### **STRENGTHS**

##### **WEAKNESSES**

- Stable financial services systems, high concentration of head office and executive talent
- Diverse structure



## **7. DEVELOPMENT ACTIVITY**

### **STRENGTHS**

- Generally, new development is high quality and it is integrated with existing services and other developments
- Enormous redevelopment potential/challenge
- Diversity of development
- Positive international image
- Vacancy rates - good supply of office and industrial space

### **WEAKNESSES**

- Planning and development regulations result in high cost without added value
- Over governed
- Negative local image of GTA
- High growth has resulted in infrastructure lags
- Perceived high cost environment eg. land cost
- Construction technologies lag globally

## **8. OTHER: - ACCESS/AVAILABILITY OF CAPITAL - PARTNERSHIPS - BUSINESS, FINANCE AND GOVERNMENT**

### **STRENGTHS**

- Some recent examples of partnership between business, labour, finance and government eg. DeHavilland, Algoma, OTAB

### **WEAKNESSES**

- Lack of access or availability of capital for small to medium sized firms

TABLE 4

AN EXAMPLE OF RATING THE  
IMPORTANCE OF ECONOMIC VITALITY FACTORS  
FROM PERSPECTIVE OF PREFERRED ORGANIZATIONS AND ENTERPRISES -  
FINANCIAL SERVICES

ECONOMIC VITALITY FACTOR	* IMPORTANCE IN 2021	** PERFORMANCE		*** GAP
		1980s	1990s	
<b>1. Infrastructure</b>				
RELIABLE ELECTRICITY SUPPLY	VH	G	G	N
COMPETITIVE HYDRO RATES	H	G	G	N
WASTE MANAGEMENT FACILITIES	N/A			-
ACCESS TO TRUCKING/RAIL FREIGHT INFRASTRUCTURE	N/A			-
TRANSPORTATION FOR EMPLOYEES	M	M	M-L	Y -
GOOD WATER SUPPLY	N/A			-
GOOD NATURAL GAS SUPPLY	N/A			-
HOSPITALITY INFRASTRUCTURE	M-H	F-G	F-G	N
CONCENTRATION OF LIKE INDUSTRIES	VH	VG	VG	N
ACCESS TO AIRPORT	VH	F	F	N
TELECOMMUNICATION	VH	G	G	N

ECONOMIC VITALITY FACTOR	* IMPORTANCE IN 2021	** PERFORMANCE		*** GAP
		1980s	1990s	
2. Cost of Doing Business and Government Policy				
COST OF LABOUR	H	F	F	N
TAX, FINANCIAL INCENTIVES	VH	P-F	P-F	N
REASONABLE BUSINESS TAXES	VH	P-F	P-F	N
ACCESS AND DISTANCE TO MARKETS (Domestic and International)	VH	G	G	N
ADEQUATE FAIRLY PRICED INFRASTRUCTURE	M-H	M	M	N
GOOD GOVERNMENT PROGRAMS	VH	F	F	N
PRO-BUSINESS ATTITUDE	VH	F	P-F	Y-
POLITICAL AND POLICY STABILITY	VH	F-G	F	Y-
POLICY CO-ORDINATION	VH	F	F-G	Y+
FAVOURABLE REGULATORY CLIMATE	VH	P-F	F-G	Y+

ECONOMIC VITALITY FACTOR	* IMPORTANCE IN 2021	** PERFORMANCE		*** GAP
		1980s	1990s	
<b>3. People</b>				
SKILLED LABOUR	VH	G	G	N
INSTITUTIONS AND MECHANISMS FOR TRAINING AND LEARNING	VH	G	G	N
FLEXIBLE WORK FORCE	M-H	G	G	N
HIGH SOCIAL VALUE ON SKILLED LABOUR	N/A	N/A	N/A	N/A
HARMONIOUS MANAGEMENT/LABOUR RELATIONS	M	G	G	N
POSITIVE WORK ETHIC	H	G	G	N
CONTINUOUS LEARNING	M	G	G	N



ECONOMIC VITALITY FACTOR	* IMPORTANCE IN 2021	** PERFORMANCE		*** GAP
		1980s	1990s	
<b>4. Quality of Life</b>				
CULTURAL DIVERSITY	H	G	G	N
DIVERSITY OF THE ECONOMY	H	G	G	N
AFFORDABLE HOUSING	H	P	F	Y +
LOW CRIME RATE	L	G	F-G	Y -
COST OF LIVING	H	P	P-F	Y +
GOOD PUBLIC SCHOOLS	H	F-G	F	Y -
REASONABLE PERSONAL TAXES	M-H	F	P	Y -
CLEAN ENVIRONMENT	M	F	F	N
GREEN SPACE	M	F	F	N
HEALTH CARE	M-H	F	F	N
POSITIVE SENSE OF COMMUNITY	M	F	F	N
RECREATIONAL, SOCIAL, CULTURAL AMENITIES	M-H	F-G	F-G	N
<b>5. Investment in Research and Development</b>	H	F	F	N

ECONOMIC VITALITY FACTOR	* IMPORTANCE IN 2021	** PERFORMANCE		*** GAP
		1980s	1990s	
6. Sectoral Structure	H	F	F	N
7. Development Activity				
INTEGRATED INFRASTRUCTURE	M-H	G	G	N
ROOM FOR SITE EXPANSION	H	G	G	N
COMPETITIVE PROPERTY COSTS	M	P	F	Y -
FAIR MARKET CONSTRUCTION COSTS	L	P	P-F	Y +
GOOD DEVELOPMENT MIX	M	G	F-G	Y -
CORPORATE	H	G	F-G	Y -

ECONOMIC VITALITY FACTOR	* IMPORTANCE IN 2021	** PERFORMANCE		*** GAP
		1980s	1990s	
8. Other				
ACCESS/ AVAILABILITY OF CAPITAL	VH	F-G	P-F	Y-
PARTNERSHIP BUSINESS, FINANCE AND GOVERNMENT	M	F	F	N

# NOTES

## \* Importance

L = Low  
M = Medium  
H = High  
VH = Very High

## \*\* Performance

P = Poor  
F = Fair  
G = Good  
VG = Very Good

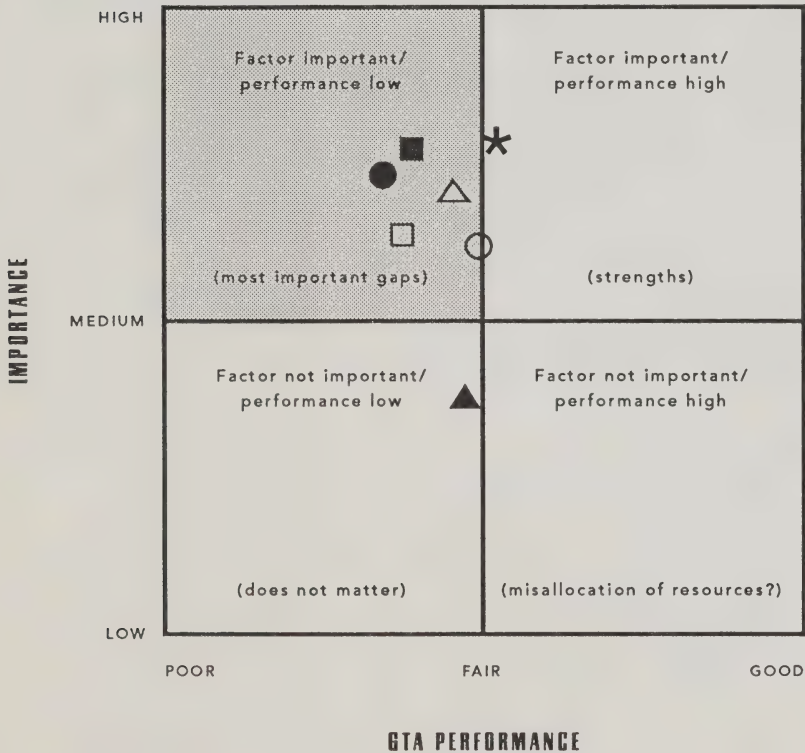
## \*\*\* Gaps

Y = Yes  
N = No  
+ = "positive" gap (strengths to maintain and expand upon)  
- = "negative" gap (weaknesses or potential weaknesses that must be addressed)  
N/A = Not applicable

TABLE 5

## OPPORTUNITY MATRIX - MOST IMPORTANT PERFORMANCE GAPS

Five Sectors Combined (Hospitality, Retail, Environmental, Financial Services, Pharmaceutical)  
Average Sum of Averages - Performance/Improvement Evaluation



**TABLE 6**

**OBSTACLES TO CLOSING THE  
MOST IMPORTANT PERFORMANCE GAPS -  
IMPORTANCE AND CHANGEABILITY**

**1. PERFORMANCE GAP: INFRASTRUCTURE**

<b>OBSTACLES</b>	<b>*IMPORTANCE</b>	<b>*CHANGEABILITY</b>
Regulatory Cost	VH	VH
Market cost	VH	L-M
Legislation eg. environmental assessment process	VH	VH
Lack of integrated planning (functionally organized provincial government with geographically organized municipalities and regions)	VH	VH
Fragmented jurisdictions (capital needs are not aligned by jurisdiction)	VH	VH
Year by year capital planning	H	VH
Competition for scarce resources	H	L
Limited capital acquisition mechanisms	H	M
Lack of unincumbered access routes/corridors	M	H
Underutilization of existing rail corridors and air facilities	M	L-M
Lack of public understanding and commitment	M	H
Lack of political will	H	?



## 2. PERFORMANCE GAP: COST OF DOING BUSINESS AND GOVERNMENT POLICY

OBSTACLES	*IMPORTANCE	*CHANGEABILITY
Cost of money (cost of borrowing and exchange rates)	VH	L
Price of housing	H/VH	M
Regulatory costs	VH	VH
Complexity - overlapping jurisdictions, lack of clear streamlined processes		
Quantity - excessive or beyond the public interest		
Labour costs	M	L
Lack of financial incentives	L	?
Tax burden	VH	VH
Congestion costs	VH	VH

### 3. PERFORMANCE GAPS: PEOPLE

OBSTACLES	*IMPORTANCE	*CHANGEABILITY
Lack of timely and comprehensive skill needs assessment	VH	VH
Lack of timely and flexible responses to needs	VH	VH
Lack of a training culture and continuous learning	VH	H
<ul style="list-style-type: none"> <li>● high cost of training and education</li> <li>● lack of acceptance of the importance of continuing and education by all</li> </ul>		
Academic standards are inappropriate and deficient on a world class basis	VH	H
Inadequate basic skills (literacy and numeracy)	VH	H
Lack of clear standards and roles and responsibilities among governments, private sector and individuals	H	H
Resources are not deployed to priorities eg. lawyers or millwrights	VH	H
Negative image of trades	VH	H
Lack of responsiveness by educational institutions	VH	H
Institution-based system that is not broad enough to fill demands eg. lack of noninstitution-based training	VH	H
Collective bargaining agreements can restrict cross-training	H	L/M
Legislation can restrict cross-training eg. apprenticeship	H	VH

Lack of co-operative planning between business,  
labour and government

H

H

Lack of public awareness of who owns the  
problem and who sets the agenda

VH

VH

#### 4. PERFORMANCE GAP: RESEARCH AND DEVELOPMENT

OBSTACLES	*IMPORTANCE	*CHANGEABILITY
Not enough emphasis on applied science	H	H
Shortage of scientists and innovative engineers	H	H
Lack of research and development, especially development	H	H
Lack of recognition of need for continuous improvement	H	H
Lack of venture capital/financing for R & D and re-tooling	VH	M/H
<ul style="list-style-type: none"> <li>● government does not spend enough</li> <li>● proportionately lower investment in government spending on R &amp; D</li> <li>● emphasis on short-term not long-term results</li> <li>● lack of understanding of the relationship between R &amp; D and prosperity</li> </ul>		
Lack of clustering of core research and spin-off enterprises (for synergy)	VH	M/H
Lack of orientation toward strategic technologies	H	M/H
Lack of focus on value-added	H	L/M
Lack of pairing of management expertise with high technology	H	L/M
Lack of management innovation	VH	L/M
Lack of strong niche focus	H	L
Predominance of branch plants	M	L

## 5. PERFORMANCE GAP: PROMOTE PARTNERSHIPS AMONG BUSINESS, LABOUR AND GOVERNMENT

OBSTACLES	*IMPORTANCE	*CHANGEABILITY
Lack of a vision and industrial strategy in which partnerships can fit	VH	VH
Lack of focus and clarity of purpose	VH	H
Lack of common objectives and understanding of the threat	VH	H
Real obstacles to partnerships exist such as financial capacity, view of government, ability to commit over time, profit vs social policy agenda, differences in accountability and decision-making structures	VH	H
Lack of clear understanding about where partnerships are appropriate or feasible. There are few working examples of success partnerships	VH	H
Lack of common understanding due to lack of mobility of people among the three sectors	H	H
HIGH IMPORTANCE BUT LESS CONTROL (more the effects than the causes)		
Lack of trust	VH	M
Adversarial culture	VH	M
Lack of open-mindedness	H	M
Hard to be a partner that regulates them	M/H	H

### NOTE

- \* L = Low  
M = Medium  
H = High  
VH = Very High















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